

CITY OF OREM
CITY COUNCIL MEETING
56 North State Street Orem, Utah
May 12, 2015

3:00 P.M. WORK SESSION – PUBLIC SAFETY TRAINING ROOM

CONDUCTING	Mayor Richard F. Brunst
ELECTED OFFICIALS	Councilmembers Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner
APPOINTED STAFF	Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Greg Stephens, City Attorney; Chris Tschirki, Public Works Director; Scott Gurney, Fire Department Director; Gary Giles, Police Department Director; Richard Manning, Administrative Services Director; Bill Bell, Development Services Director; Charlene Crozier, Library Director; Jason Bench, Planning Division Manager; Sam Kelly, Engineer; Steven Downs, Assistant to the City Manager; and Jackie Lambert, Deputy City Recorder

UPDATE – Citywide Energy Upgrade – Siemens

Mr. Bell introduced Mark Cram and Kevin Brown with Siemens Industry, Inc. to give an update of the citywide energy upgrade project.

Mr. Cram said they were about 60 percent done with the review process. He gave a quick overview of the Siemens organization and of the energy study they were conducting.

Answers for Infrastructure – Performance-Based Solutions for Orem City

- Siemens Performance-based Experience
 - Over 15 years of performance-based experience
 - More than 1,300 successfully completed projects
 - \$3 Billion in energy savings to our customers
 - On-site Project Managers and Certified Energy Engineers
 - Utah References
 - Farmington City
 - Salt Lake City Corporation
 - South Ogden City
 - Syracuse City
 - Washington City
- Background and Highlights
 - HB 116 was passed in 2010 and signed into law, enabling municipalities to complete projects through the ESPC process which must be:

- Budget neutral
 - Cash flow positive
 - Paid for by savings
 - Guaranteed by Siemens
- As a result of legislation, State Procurement Office and State Energy Office developed process for ESPC (Energy Savings Performance Contracting) projects
- State Procurement Office pre-authorizes ESCO organizations on an on-going basis
- Siemens was selected by Orem City through an RFP process to develop an ESPC project defined in the RFP
- The project will be in compliance with Orem City procurement policies, procedures, and pre-established metrics
- Your Challenges: Resources, Equipment, Infrastructure
 - Resource Constraints
 - Capital budget constraints
 - Operating budget limitations
 - Staff reductions
 - Aging Infrastructure
 - Aging infrastructure beyond life expectancy
 - Equipment failures
 - Higher energy and repair costs
 - Sustainability Goals
 - Reduce energy & CO₂
 - LEED and Energy Star certifications
 - Voters' efficiency expectations
- Guaranteed Performance-based Solutions – Address Your Challenges
 - Make facility & infrastructure improvements
 - Reduce energy use and associated expenses
 - Your energy savings finance your improvements
 - Siemens guarantees savings
- Understanding the Performance Contract Cash Flow
 - Existing Buildings
 - Value Proposition
 - Operational costs naturally escalate
 - Demand-side solutions lower costs
 - Supply-side solutions further lower costs
 - The costs are always a fraction of the value added
 - Some savings are realized before payments are made
- Our Process – Road Map to Success
 - Siemens Guaranteed Performance-based Solutions
 - Our experts structure a comprehensive plan tailored to meet your strategic and technical business goals
 - Preliminary analysis
 - Determines your energy use
 - Identifies areas to maximize energy savings
 - Detailed analysis
 - Determines improvements that maximize impact

- Finalize the costs and savings of the selected improvements
 - Delivery & installation
 - Install new equipment
 - Implement Facility Improvement Measures (FIMs)
 - Regular measurement & verification
 - Ensures savings goals are maximized
- Our Proficiencies – Broad Range of Innovative Solutions

**Italics indicate items not being evaluated*

 - Streets
 - Street lighting
 - *Traffic signals – completed*
 - *Parking revenue improvement*
 - Buildings
 - Lighting systems
 - HVAC systems
 - Controls
 - Building envelope
 - Water conservation
 - Water and Waste Water Treatment
 - Digesters
 - Blowers/Diffusers
 - Cogeneration – CHP
 - HVAC and Pumps
 - Water meter replacements
 - Water conservation
 - Alternative, Renewable Energy
 - Solar
 - *Wind*
 - *Biomass*
 - *Landfill Gas*
 - Compressed natural gas for vehicles
- Facilities Reviewed
 - City Center/Library
 - Public Safety Building
 - Senior Friendship Center
 - Fitness Center
 - Public Works Building
 - Orem Water Reclamation Facility and Lift Stations
 - Fire Stations
 - Wells
 - Parks
 - Scera Pool
 - Street Lighting
 - NOTE: Extensive data collection for each building and system has been performed
- Overview of Improvements
 - Street Lighting – City-wide replacement

- 5,000 locations
 - Changed to LED technology
 - 50-60% potential annual energy savings
 - Significantly reduced maintenance costs
 - Extended material warranty
- Water Meters – City-wide replacement
 - 22,000 locations
 - Enhanced data collection and billing accuracy
 - Meter replacement happens in months vs. years
- Compressed Natural Gas in select fleet vehicles
 - 300+ potential vehicles
 - Target replacement miles 80k-100k depending on vehicle type
 - Average age of fleet vehicles is 10.5 years and increasing year over year
- HVAC improvements
- Controls Upgrades and Expansion
- Building Lighting
- Automation on pump and VFD control
- Weatherization – Building envelope
- Measures included in Financial Summary
- Items reviewed but not currently recommended as outlined
 - FIMs considered but not recommended & Reasons
 - Infrared Heater Controls
 - Staff does not work with overhead doors open
 - Air Source Heat Pump (alt to solar thermal)
 - Less attractive alternative than solar thermal option
 - Boiler Flue Stack Economizers
 - Space constraints
 - WWTP Process Improvements
 - Very efficient facility, no major opportunities currently
 - Domestic Water Conservation
 - Water billed on flat rate
 - Solar Thermal
 - Poor SPB and potential implementation challenges
 - Roof Repairs at City Center (wish list item)
 - Repairs are already underway
 - Solar PV
 - SPB at 31 years, upcoming incentives could make it a phase 2 possibility
 - Water Meters
 - Being considered as a separate implementation
 - Exhaust Heat Recovery Re-Cx
 - System is operating correctly
 - PC Power Mgmt
 - SPB is high
 - Fleet Vehicles CNG
 - Poor SPB, many implementation obstacles to overcome
- Finance Summary Ranges

- City Staff Project Development
 - Jamie Davidson
 - Brenn Bybee
 - Steven Earl
 - Richard Manning
 - Brandon Nelson
 - Bill Bell
 - Sam Kelly
 - Taggart Bowen
 - Justin Skillings
 - Chris Tschirki
 - Keith Larsen
 - Justin Gaines
 - Neal Winterton
 - Lawrence Burton
 - Lane Gray
 - Tyler Peay
 - Ernesto Lazalde
 - Tom Phelps
 - Roger Dunn
- Our Promise – Guaranteed Success
 - Savings guaranteed by a multi-billion dollar corporation with a track record of meeting or exceeding its guarantee 99.3% of the time
 - “The success of the program is guaranteed by a company that has the financial strength to live up to that guarantee – and your challenges address in a cash-flow neutral manner with a partner. We have failed to achieve our savings guaranteed less than 7 tenths of one percent of the time.”
 - Results Achieved
 - Infrastructure improved
 - Operating costs reduced
 - Revenue enhanced
 - Sustainability goals achieved
 - Workforce productivity leveraged
 - With a focused, single-source partner in a Budget Neutral Manner!

Mr. Cram said as problem areas were identified and improvements were made, those improvements would generate savings in the long run. Those savings were then utilized to finance the project. The most typical method of funding was to engage a third-party lending institution for a tax-exempt municipal lease. They would set up an escrow for the construction, those funds would be drawn from during construction, and then savings would be used to repay the project. Their plan was to return at 90 percent complete and give an update of the study with firm, fixed prices regarding discussed measures and generated savings. Once the City Council determined the scope of the project construction would begin, and when that project was complete Siemens would perform measurements ongoing.

Mayor Brunst asked how certain projects could accomplish savings.

Mr. Cram said with water, for example, Siemens was looking at plumbing fixtures like toilets, urinals, and sinks that were low-flow for water conservation. They were also reviewing the automated sprinkler systems in city parks. He indicated that the water treatment plant was extremely efficient. He said there were many small changes that when done on a large scale would create significant savings. Mr. Cram said some identified projects had quicker payback than others, but the aggregate timeline was between ten and fifteen years.

Mr. Spencer asked if there was a rebate on street lighting.

Mr. Cram said there was an incentive from Rocky Mountain Power (RMP) for street lighting, and there were incentives in other areas from organizations like Questar.

Mr. Davidson said incentives were not static, but were subject to change. The incentive offered currently by RMP may not be available in the future. With that, there was an advantage to completing a project sooner rather than later to capitalize on those rebate or incentive opportunities.

Mr. Tschirki agreed that incentives could change, and pointed out that street lighting incentives from RMP had already gone down from around \$100 per light to \$80-85 per light.

Mayor Brunst asked about the identified elevator upgrade.

Mr. Bell said that was the elevator in the City Center that needed upgrades to the hydraulics and other system components.

Mr. Davidson said Mr. Bell had been working with Siemens discussing investments to retrofit versus rebuild. The City Center had a number of upgrades identified for energy savings, but there were seismic concerns for the building and thus some upgrades did not make sense for costs and benefits long-term.

Mr. Cram said the next presentation would have more detail, working through the pricing process. They had reached out to the lending community for data, and between guarantees from Siemens and Orem's credit rating, a municipal lease would have no negative impact on the City's budget.

Mr. Spencer asked about cities going solar for energy.

Mr. Cram said every city asked to look at solar, but most did not move forward with solar. Solar thermal had a better payback than photovoltaic (electric) solar, and a challenge for Orem would be the fairly low utility rates which caused a longer payback timeline.

Mr. Davidson said Orem faced the challenge of spending money to be able to save money. Siemens had identified potential funding streams using existing resources. Most would not have immediately recognized financial benefits, but the thought was to begin sooner rather than later to make upgrades to generate future savings. There were factors like escalation costs and current bond rates that needed to be considered, as well as infrastructure factors. There were systems in all areas being stretched and used well past their estimated life span. They felt like these

upgrades were 1) a means to save money, and 2) a means to move forward with needed mechanical improvements and replacements.

Mr. Cram said the Siemens group intended to present again to the City Council with firm, fixed numbers for costs so final decisions could be made.

Mr. Andersen asked how often Siemens had to pay for lack of promised savings.

Mr. Cram said their proposal was always cash flow positive, with a guarantee of 100 percent of savings. Siemen's track record was meeting or exceeding its guarantee 99.3 percent of the time, so the 0.7 percent represented the times when they had paid the difference.

Mrs. Black asked if the projected savings were not met how Siemens would pay that back.

Mr. Cram said in those cases, the payments would be annual.

Mr. Sumner asked Mr. Davidson if there was a threshold the City had determined where retrofitting would no longer be acceptable.

Mr. Davidson said that was a global policy discussion that would need to take place in the near future. There were concerns seismically at the City Center, and they had spoken to Siemens about some of the issues. For example, the money could be spent to bring the City Center up to the lowest seismic standard, but perhaps those costs would be better used going toward the building of a new facility.

Mr. Bell added that the public expected the City to be open for business during an emergency, but if during the course of the emergency the City Center building had been reduced to rubble, they would not be able to meet those expectations.

Mrs. Black asked if projects would be prioritized should they determine to move forward.

Mr. Davidson said the projects would be prioritized using factors like payback periods.

Mr. Macdonald said he thought it made sense to start with projects with quick projected payback initially and then move forward with larger projects with long payback.

Discussion – CARE Allocation

Mayor Brunst turned time over to Mr. Downs to present the CARE Advisory Commission's recommendations for CARE allocations.

CARE Allocation Discussion 2015-2016

- Background
 - Beginning 2015-2016 the Cultural Arts and Recreation funding must be split 50/50
 - We project \$1,886,176 to be available for CARE during 2015-2016 year
 - This amounts to \$930,713 that is available for each grouping (1.5% deduction for administrative costs)

- Mini Grant Process
 - On April 1st & April 16th the CARE Advisory Commission and three City Council members heard presentations from each of the 15 mini-grant applicants
 - All 15 of the mini-grant applicants met funding requirements (last year there were only 12)
 - It is proposed that we fund a total of \$56,498 in mini-grants
- Mini Grant Funding Proposal
 - Colonial Heritage Foundation
 - Request - \$4,999
 - Proposed Award - \$4,999
 - Orem Chorale
 - Request - \$4,999
 - Proposed Award - \$4,500
 - Latinos in Action
 - Request - \$4,999
 - Proposed Award - \$3,500
 - Wasatch Chorale
 - Request - \$4,999
 - Proposed Award - \$4,000
 - Utah Storytelling Guild
 - Request - \$4,999
 - Proposed Award - \$4,000
 - Roots of Freedom
 - Request - \$4,999
 - Proposed Award - \$4,999
 - Utah Baroque Ensemble
 - Request - \$4,999
 - Proposed Award - \$4,500
 - Chauntennettes
 - Request - \$4,999
 - Proposed Award - \$4,500
 - Utah Film Center
 - Request - \$4,000
 - Proposed Award - \$1,000
 - Center Stage Performing Arts
 - Request - \$4,999
 - Proposed Award - \$3,500
 - Utah Valley Civic Ballet
 - Request - \$4,999
 - Proposed Award - \$4,500
 - Utah Music Association
 - Request - \$4,999
 - Proposed Award - \$4,500
 - Wasatch Contemporary Dance
 - Request - \$4,975
 - Proposed Award - \$2,000
 - On Site Mobile Dance Series

- Request - \$4,500
 - Proposed Award - \$2,000
 - 4th Wall Players Foundation
 - Request - \$4,999
 - Proposed Award - \$4,000
 - TOTAL
 - Request - \$73,463
 - Proposed Award - \$56,498
 - NOTE: There were a total of 12 qualifying mini-grant applicants last year; this year there are 15 qualifying organizations. This current recommendation shows an average reduction of \$367 (\$49,998/12 & \$56,998/15) per receiving organization
- Major Grant Requests
 - SCERA (35%)
 - 2014-2015 Award - \$535,000
 - 2015-2016 Request - \$654,215
 - Hale Center Theater (23.5%)
 - 2014-2015 Award - \$340,088
 - 2015-2016 Request - \$500,000
 - Utah Regional Ballet (32.3%)
 - 2014-2015 Award - \$35,000
 - 2015-2016 Request - \$75,000
 - TOTAL
 - 2014-2015 Award - \$910,088
 - 2015-2016 Request - \$1,229,215
 - NOTE: Major grants cannot receive more than 35% of their qualifying expenses. Below is the amount each could have requested:
 - SCERA - \$654,215
 - HALE - \$742,885
 - URB - \$80,895
- Recreation Requests

*These adjustments have been made since the Recreation Advisory Commission's presentation

 - Splash Pad – Palisade Park
 - 2015-2016 Request - \$500,000
 - All-abilities Playground – City Center
 - 2015-2016 Request - \$150,000
 - *Tennis/Pickleball Refurbish – Cherry Hill
 - 2015-2016 Request - \$150,000
 - *"Master Plan" Study
 - 2015-2016 Request - \$25,000
 - *Dog Park
 - 2015-2016 Request - \$75,000
 - *Contingency Funds
 - 2015-2016 Request - \$30,000
 - TOTAL
 - 2015-2016 Request - \$930,000
- Funding Scenarios
 - The total cultural arts request for the 2015-2016 funding year is \$1,302,678. The total available funding is \$930,713

- If the mini-grant funding proposal is accepted, the total amount allotted for major-grant applicants is \$874,215
- The total request from major-grant applicants is \$1,229,215 (\$355,000 above available resources)
- The total amount awarded to these same organizations last year was \$910,088 (\$35,873 above this year's available resources)
- NOTE: If the mini grant proposal is accepted & each major grant applicant's prior year funding is reduced by an equal percentage (~4%)
- Mini Grants
 - 2014-2015 Award - \$49,998
 - 2015-2016 Request - \$73,463
 - 2016 Award - \$56,498
- SCERA
 - 2014-2015 Award - \$535,000
 - 2015-2016 Request - \$654,215
 - 2016 Award - \$513,912
- Hale Center Theater
 - 2014-2015 Award - \$340,088
 - 2015-2016 Request - \$500,000
 - 2016 Award - \$326,683
- Utah Regional Ballet
 - 2014-2015 Award - \$35,000
 - 2015-2016 Request - \$75,000
 - 2016 Award - \$33,620
- TOTAL
 - 2015-2016 Request - \$1,302,678
 - 2016 Award - \$930,713

Mr. Downs thanked the CARE Advisory Commission and the Recreation Advisory Commission (RAC) for their time and efforts to present these recommendations. He said some of the mini-grant applicants from the previous years had not applied, but there were four new applicants this year.

Mayor Brunst asked about the 4th Wall Players Foundation.

Mr. Downs said it was an organization that reached out to low-income minorities to get them involved in theater. The four new applicants this year were not fully funded, and the commission felt this would be an opportunity to help them to grow. He said they wished they could give each organization their requested amount, but they did not have the resources so they were funding what they thought would have the biggest impact on the community.

Mr. Seastrand said he appreciated the effort of those involved in making the recommendations.

Mayor Brunst echoed Mr. Seastrand. He said he was concerned about taking money from major grants to give to mini grants, and believed they should have been reduced the same percentage as the major grants.

Mrs. Black said there were fifteen applicants this year as opposed to twelve, and so they adjusted the proposed award accordingly. She felt the small amounts given to mini-grant applicants were appreciated greatly because those organizations had much smaller budgets.

Mayor Brunst said he was concerned about adjusting the amount to mini grants each year based on number of applicants, because it would take money away from the major grants.

Jeff Lambson agreed with Mrs. Black's comment about the mini-grant applicants being grateful for every dollar they were granted, since those small amounts stretched a long way for smaller organizations.

Mr. Sumner said they had discussed the issue of what to award the mini grants at length. Not everyone got exactly what they wanted, but there were compromises made.

Mr. Spencer said he thought the amounts for mini grants should be the same as last year.

LaNae Millet said for mini grant allocations they looked for programs that built up art education and enrichment. They felt these organizations contributed to the community and involved Orem citizens.

Anette Harkness said allocating tax-payer money was never easy. They labored over what they felt would be best for Orem citizens collectively, and there was a great deal of compromise in setting these allocation amounts. Few, if any, groups got the full amount they had requested. For some mini-grant applicants, the awarded money would be more for start-up costs than continual funding.

Blake Tierney said the mini-grant applicants were diversifying Orem's cultural arts portfolio, and reaching groups that perhaps the major-grant applicants could not reach. He felt they found a good balance in their allocation amounts for mini and major grants.

Patricia Olson thought the mini grant programs would reach all corners of the community, and some would grow and expand, potentially becoming major grant programs in the future.

Mr. Sumner said the presentations were beneficial to making these allocation recommendations, because they heard about groups, some new and some seasoned, that might appeal to different age groups or different target audiences. It was worth trying new things.

Mr. Macdonald said he could not speak to the specifics of the applicant programs, but he would feel inclined to support the recommendations of those who heard the presentations.

Mr. Andersen said he was more inclined to keep the amount awarded to mini grants at \$49,000.

Mr. Seastrand said from a strategic perspective, mini grant allocations were a proving ground. Mini grant awards were seed money, and it would either help the organization grow or prove that the organization did not work. They tried to assess the organizations for viability, and fund them accordingly. Every year there would be compromise and shifts in funding, and nothing was defined as far as a "total bucket" amount for mini and major grants. He thought there should be consistency for the amounts given to major-grant applicants.

Mrs. Black said she was in support of the recommendations as they were presented.

Mayor Brunst said he wanted the major-grant applicants to feel the support from the City.

Mr. Downs said some allocation amounts had been adjusted based on previous discussions.

Mr. Sumner asked if there was discussion on investing money into the Orem Fitness Center (OFC).

Mr. Davidson said there were outstanding issues that required attention, like the OFC. There was only so much funding to go around. He thought it was important to balance the maintenance of current assets with new facilities and/or opportunities.

Mrs. Black said it might be helpful to establish “bucket” amounts for both the cultural arts and recreation sides of CARE to help maintain balance on either side.

Mr. Hirst said the master plan study they intended to do would look at how best to utilize CARE money into the future.

Mayor Brunst agreed that it was important to balance maintenance of existing assets and growth opportunities in the future. He felt maintenance of existing assets should be a priority.

Mr. Davidson said other cities, like Provo and Lindon, were looking at establishing a CARE tax.

Mr. Spencer said he felt that sports were not being addressed in these allocations, and the majority of funding was going toward parks. He also felt seniors were being overlooked in allocations on the recreation side.

Mrs. Black said she felt like this was the fairest way to handle the major and mini grant allocations, with everyone being reduced the same percentage.

Mr. Spencer said he thought they should fund the major grants first, and use the remaining balance to fund the mini grants.

Mrs. Black restated her opinion that there should be established “bucket” amounts for allocation in the coming years.

Mr. Macdonald said knowing the amounts beforehand could make allocation recommendations easier in the future, and would give the major-grant applicants the consistency that Mr. Seastrand had referred to.

Mr. Davidson said it was important to remember that the purpose of the CARE money was to enhance cultural arts and recreation in the community. The money should be used to grow the arts in Orem, not necessarily to sustain the arts. They wanted to provide a catalyst for future growth, not develop a co-dependent relationship with organizations. He cautioned that setting specific amounts created an expectation, and that CARE was a dynamic program that changed from year to year.

Mayor Brunst said there was more demand for the money than money to allocate. The City had many organizations and opportunities to show support to arts and recreation.

Mr. Seastrand said having specific amounts was not necessarily reward funding. He was pleased with the improved quality of programming and performances from each of the major grant programs over the years. He thought there could be an element of reward funding for programs that improved their quality and participation.

Mrs. Black said she thought presentations from the major-grant applicants were very good, and she was particularly impressed with the HCTO presentation on how they had used CARE money.

Ms. Millet said each applicant should be considered individually, and she did not anticipate a percentage reduction across the board. She was interested in the idea of merit-based awards or reductions in allocation amounts.

Mr. Tierney said all applicants were seeing a reduction because the total amount was lower than the previous year. He wondered why the SCERA got significantly more than the HCTO, and why URB received significantly less than either the SCERA or the HCTO.

Mrs. Black said the numbers established had become established over the years as they had been deliberating and allocating amounts to the programs.

Mr. Seastrand said there was some fluctuation over the years for each major-grant applicant as well as for mini-grant applicants.

Ms. Harkness said HCTO could have asked for more according to the set percentage of 35 percent, but their budget was significantly higher than the SCERA budget so their request was more conservative.

Mr. Andersen said the SCERA ran the Orem Heritage Museum, which for him was a reason to give SCERA more money. He also thought SCERA touched more people in the community and did more good for families. He said many people could not afford to go to the HCTO.

Mayor Brunst said he looked at each group as a partner with the City. He felt these were great partnerships and had no desire to say one was better than another; each had their place.

Mr. Sumner said he supported both the SCERA and HCTO, and had season tickets to both. He had history with SCERA and had nostalgic feelings for that organization, especially the work they did with the youth in the community. He thought SCERA was a permanent fixture in the community, but was concerned that HCTO might leave. He hoped HCTO would stay in Orem.

Ms. Harkness asked if the major programs were receiving money from the City other than CARE money.

Mr. Davidson said the City operated and maintained Scera Park, as well as the City of Orem Scera Park Pool.

Ms. Millet wondered if URB would be eligible for the proposed Lindon CARE tax, because their dance studio was located in Lindon. She thought perhaps the ballet was getting a high allocation amount for only performing three times a year in Orem.

Mr. Davidson said Lindon's CARE tax collected approximately \$0.5 million, with only about \$7,500 of that amount being allocated to the arts programs.

Ms. Harkness said she loved both the SCERA and the HCTO. She thought the expanded programming they offered and the quality of their shows deserved high allocation amounts.

Mr. Tierney agreed with Ms. Millet on the allocations for URB, especially because they only had three performances in Orem each year.

Mrs. Black clarified that it was three series of performances with multiple nights, not just three performances. She also said that the URB professional company was located at UVU in Orem.

Mr. Lambson said he agreed with what had been said and that he was a huge fan of the SCERA and the HCTO. He thought perhaps those organizations had more impact in the community than URB, but he still loved ballet as a form of art and entertainment.

The City Council was concerned about having more time to review deliberations. Mr. Davidson said these decisions were difficult to make, but it was better to make decisions sooner rather than later.

Mr. Stephens said an ordinance needed to be brought forward, and the Council was free to make changes to it after it was adopted.

Mr. Sumner said he was comfortable with the allocations on the mini grants, and he would like to propose the following changes to the major grants (amounts were approximate): SCERA - \$535,000, HCTO - \$320,000, and URB - \$20,000.

Mayor Brunst said he was not comfortable with that allocation for major grants. He proposed the following for major grants: SCERA - \$518,665, HCTO - \$329,600, and URB - \$25,950. That would basically take both SCERA and HCTO down 3 percent from the previous year, and any additional amount going toward mini grants would come from the URB amount from the previous year.

Mr. Spencer said he supported Mr. Sumner's proposed allocations.

Mrs. Black said she supported the Mayor's proposed allocations.

Mr. Macdonald said he hoped programs were focusing on what they were getting instead of what they were not getting or what they had gotten in the past. He thought it was splitting hairs on percentages, but he supported the Mayor's proposed allocations.

Mr. Seastrand said he supported the Mayor's proposed allocations.

The CARE Advisory Commission members generally supported the Mayor's proposed allocations. Mr. Downs said he would take these proposed amounts and prepare the ordinance for the coming City Council meeting.

National Public Safety Week – Taco Tuesday

Chief Giles said the week of May 10-16 was Police Week in the City of Orem. He said the goal was to build a family within the police force, so they occasionally had Taco Tuesdays where officers could eat and mingle and bond. He invited the City Council and staff to enjoy a taco dinner with Orem officers.

5:00 P.M. STUDY SESSION – PUBLIC SAFETY TRAINING ROOM

CONDUCTING

Mayor Richard F. Brunst, Jr.

ELECTED OFFICIALS

Councilmembers Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner

APPOINTED STAFF

Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Greg Stephens, City Attorney; Chris Tschirki, Public Works Director; Scott Gurney, Fire Department Director; Gary Giles, Police Department Director; Richard Manning, Administrative Services Director; Bill Bell, Development Services Director; Charlene Crozier, Library Director; Jason Bench, Planning Division Manager; Sam Kelly, Engineer; Ryan Clark, Economic Development Division Manager; Steven Downs, Assistant to the City Manager; and Jackie Lambert, Deputy City Recorder

Preview Upcoming Agenda Items

Staff presented a preview of upcoming agenda items.

Agenda Review

The City Council and staff reviewed the items on the agenda.

City Council New Business

There was no new City Council business.

The Council adjourned at 5:48 p.m. to the City Council Chambers for the regular meeting.

6:00 P.M. REGULAR SESSION – COUNCIL CHAMBERS

CONDUCTING

Mayor Richard F. Brunst, Jr.

ELECTED OFFICIALS

Councilmembers Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner

APPOINTED STAFF

Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Greg Stephens, City Attorney; Chris Tschirki, Public Works Director; Scott Gurney, Fire Department Director; Gary Giles, Police Department Director; Richard Manning, Administrative Services Director; Bill Bell, Development Services Director; Charlene Crozier, Library Director; Jason Bench, Planning Division Manager; Ryan Clark, Economic Development Division Manager; Steven Downs, Assistant to the City Manager; and Jackie Lambert, Deputy City Recorder

EXCUSED

Hans Andersen

INVOCATION /

INSPIRATIONAL THOUGHT

Bob Wright

PLEDGE OF ALLEGIANCE

Daniel Clark

APPROVAL OF MINUTES

Mr. Seastrand **moved** to approve the April 17, 2015, City Council Retreat meeting minutes. Mr. Macdonald **seconded** the motion. Those voting aye: Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed** unanimously.

Mr. Seastrand **moved** to approve the April 22, 2015, Joint City Council/ASD meeting minutes. Mr. Macdonald **seconded** the motion. Those voting aye: Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed** unanimously.

MAYOR'S REPORT/ITEMS REFERRED BY COUNCIL

Upcoming Events

The Mayor referred the Council to the upcoming events listed in the agenda packet.

Appointments to Boards and Commissions

Mrs. Black **moved** to appoint Liz Craig to the Summerfest Committee. Mr. Seastrand **seconded** the motion. Those voting aye: Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed**.

Recognition of New Neighborhoods in Action Officers

There were no new neighborhood officers recognized.

PROCLAMATION – Police Week

Chief Giles said National Police Week originated in 1962 when President Kennedy signed a proclamation designating May 15th as Peace Officer Memorial Day. Since that time the week

containing May 15th had been set aside to honor those who served and protected their communities. Nationally, in 2014, 126 police officers were killed in the line of duty. So far in the year 2015 forty-four police officers had been killed. Orem had eighty-one officers that were quality officers and quality people. He believed Orem had the best officers around, who were ready to defend and protect but also had big hearts. Officers recently found a newly arrived family of six living out of a vehicle in a parking lot. The father had not yet received his first paycheck at a new job, and could not afford a hotel to stay in. Officers heard about this and took up a collection, donating from their own pockets to put the family up in a hotel. He applauded and saluted the officers in Orem and across the nation for their service.

Mayor Brunst read the proclamation designating the week of May 10-16, 2015 as Police Week in the City of Orem to publicly salute the service of law enforcement officers in our community and in communities across the nation.

Mr. Davidson said Chief Giles had the opportunity to be recognized as one of Utah Valley's "Fab 40" in Utah Valley Magazine. He presented Chief Giles with a framed copy of the article. Mr. Davidson wanted to acknowledge the excellent service of Orem's police force, as well as the department directors and the great men and women that served the City of Orem.

REPORT – Heritage Commission

Mr. Bybee introduced Kelly Kirkpatrick, chairman of the Heritage Commission. Mr. Bybee said the Heritage Commission was a well-run commission that was a real treat to work with.

Mr. Kirkpatrick was part of the American Legion and served in the Air Force. He thanked the Mayor and City Council for their public service, and invited them and all citizens to attend the Memorial Day celebration program on Monday, May 25, 2015 at 9:00 a.m. at the Orem Cemetery. Mr. Kirkpatrick went over the schedule for the event, highlighting the fly-over of vintage war planes and a silent drill performance by the BYU Air Force ROTC, as well as a special commemorative program from Norman and Shirley Tong, who were both living in Hawaii during the attack on Pearl Harbor. Mr. Kirkpatrick also invited everyone to the UVU Auto Expo on May 16, 2015 at 8:00 a.m., an event showcasing over 750 classic cars at Thanksgiving Point's Electric Park. He thanked the Council for their time.

Mayor Brunst thanked the Mr. Kirkpatrick and the members of the Heritage Commission for their service to the City.

CITY MANAGER'S APPOINTMENTS

Appointments to Boards and Commissions

There were no appointments to boards and commissions.

PERSONAL APPEARANCES

Time was allotted for the public to express their ideas, concerns, and comments on items not on the agenda. Those wishing to speak should have signed in prior to the meeting, and comments were limited to three minutes or less.

Heidi Clark, resident, said she was concerned with water conservation. It seemed each winter less and less snow was falling. She thought Orem could do more to conserve water by enacting laws restricting water use during dry seasons and encouraging people to use xeriscaping in their yards, which used much less water than traditional landscaping. Ms. Clark said many cities in Utah had already made restrictions on using water this summer, and she thought the City should consider doing the same.

Daniel Clark, resident, said he was concerned with UTOPIA. He did not know all the particulars, but felt that UTOPIA had been a bad deal that was no longer moving forward. He wanted a decision to be made, either to move forward and finish the project or to bail out. He said there were areas where people had access to UTOPIA fiber, but the areas with no connections were being charged much higher rates by Comcast because there was no competition. Mr. Clark hoped to see some movement with UTOPIA in the future.

Chandler Balkman, resident, wanted to address the disc golf course at Scera Park. He lost his leg in a boating accident years before, and with that lost many of the sports he had played for years as a varsity athlete. During his rehabilitation, Mr. Balkman had searched for new activities and sports he could participate in and disc golf was something he could do without much of a challenge. He said most of the courses in Utah were physically strenuous, and the disc golf course at Scera Park was the only one that was handicap-accessible. He had heard of complaints about the course, so he contacted experts to help him redesign the course to resolve some of those issues. He spoke with Mr. Hirst and wanted to ask the City Council to consider his course redesign, as he did not want to lose the only disc golf course he could use. He thought the location gave families and new-comers to the sport the opportunity to play a course right in the city.

CONSENT ITEMS

There were no Consent Items.

SCHEDULED ITEMS

6:00 P.M. PUBLIC HEARING – CDBG 5-Year Consolidated Plan & Action Plan
Receive Public Comment on the 2015-2019 Community Development Block Grant
(CDBG) Consolidated Plan and the 2015 Annual Action Plan

Mr. Downs said in accordance with the planning requirements of the Department of Housing and Urban Development (HUD), the City of Orem had prepared a Consolidated Plan for its CDBG Program. The planning document outlined priorities and strategies for meeting the needs of low-income residents and special populations within our community.

The plan had been developed with input from citizens and various community groups, and had been/would continue to be available for public inspection during a publicized comment process from April 14, 2015 – May 26, 2015. The plan would be ready to be considered for adoption by the City Council during the May 26th City Council meeting.

Mr. Downs said HUD required entitlement cities to develop a consolidated plan every five years, and an annual action plan. The purpose of these plans was not to allocate funding, but to identify

the overarching goals of the CDBG program. They conducted a survey as part of public outreach to ask about community needs and goals for the future. Mr. Downs said the overall goals for funding would be similar to those in past years, to provide public services for low and moderate income families and enhance economic opportunities.

Mayor Brunst opened the public hearing.

Bob Wright, resident, said he had written to the City Council regarding his concerns with CDBG funding. He thought too much of the grant money was being allocated back to the City for vacations and training trips. He thought there were better uses of grant money and tax payer money. Mr. Wright suggested some of the grant money go toward paying the UTOPIA bond.

Sam Lentz, resident, said he believed it was challenging to determine what was most deserving of grant money allocations. Certain things were difficult to quantify, and most took time to show real results. He would like to see the City come up with a more balanced way to measure the qualitative and quantitative aspects of these grant allocations.

Mayor Brunst closed the public hearing.

Mrs. Black said she wanted Mr. Downs to clarify what HUD grant funds could be used for.

Mr. Downs said there was a small amount allocated for the training of City representatives, but the extent of the trips were usually a drive to Salt Lake City, and the funds were not going toward excessive trips. They were not going toward vacations in any way. Mr. Downs further clarified that those funds could not be applied to UTOPIA because they were granted from HUD for very specific and restricted purposes.

Mayor Brunst said he enjoyed the CDBG program and the enhancement it was for programs designed to help citizens in need.

Mr. Downs said in the survey conducted most people identified the most deserving programs as those helping people escape dangerous or difficult situations, like domestic violence services and mental health services. Those programs that were allocated grant funding were very appreciative of the support.

6:15 P.M. PUBLIC HEARING – PRD Zone Requirements

ORDINANCE – Amending Section 22-7-4 of the Orem City Code pertaining to Planned Residential Development (PRD) zone requirements

The Department of Development Services requested the City Council amend, by ordinance, Section 22-7-4 of the Orem City Code pertaining to PRD zone requirements.

Mr. Bench said the Department of Development Services was proposing to amend Section 22-7-4 of the City Code to prohibit any new PRD zones in the areas located between 1200 West and I-15 and between Sandhill Road and I-15. The purpose of the proposed amendment was to preserve those areas that were located adjacent to or near I-15 for commercial development and in particular, office development.

Areas located in the immediate vicinity of I-15 had become increasingly desirable among businesses and developers for the construction of new class A office space. Many businesses wanted exposure to the freeway and the thousands of vehicles that travel the corridor each day. The City's freeway frontage was underutilized in many areas and there were opportunities for new development and redevelopment in those areas. By prohibiting residential uses in those locations, the City could preserve areas with high freeway exposure for new business development that could provide new jobs and boost the City's economy.

According to a study conducted by City staff, there were approximately 170 acres between Sandhill Road/1200 West and I-15. Approximately 116 acres (or 68%) of that area was currently commercial and approximately 20 of those acres were currently vacant. By not allowing PRDs to locate in those areas, the existing commercial zoning would be preserved and would be available to serve future commercial development in the vicinity of I-15.

The proposed amendment provided that no new PRD zone may be created in the above-described areas. However, properties that had already been zoned PRD may still develop under the PRD standards.

Three PRD projects had already been approved in those areas and there was another 5.76 acres of vacant property currently zoned PRD that could be developed with residential units.

Mr. Bench said this request to modify PRD zone was to eliminate the possibility of more high density housing the area and maintain the area as a commercial zone.

Mr. Macdonald asked if the modification to the PRD zone could be changed if the area was zoned for commercial but was not seeing the growth hoped for.

Mr. Bench said it could be changed in the future. He said any development currently underway or operating in the zone would not be affected by the change, this was only to eliminate future high density residential projects in the specified areas.

Mayor Brunst opened the public hearing.

John Reinhard, resident, echoed Mr. Macdonald's question. He hoped if things changed that the City would be willing to revisit and amend the zoning to allow for development other than commercial. He was concerned about certain developments adding to street traffic in the city, and said he would rather see traffic directed toward the interstate.

Mayor Brunst closed the public hearing.

Mayor Brunst **moved**, by ordinance, to amend Section 22-7-4 of the Orem City Code pertaining to Planned Residential Development (PRD) zone requirements. Mr. Spencer **seconded**. Those voting aye: Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed** unanimously.

6:20 P.M. PUBLIC HEARING – TELOS Rezone – 600 South Geneva

ORDINANCE – Amending Article 22-5-3(A) and the zoning map of Orem City by changing the zone at 648 South Geneva Road from the R20 zone and C1 zone to the C2 zone

The Planning Commission recommended the City Council, by ordinance, amend Article 22-5-3(A) and the zoning map of Orem City by changing the zone at 648 South Geneva Road from the R20 zone and C1 zone to the C2 zone.

Telos currently operated a transitional treatment facility for teenage boys at 870 West Center Street. Telos stated its mission as follows:

“At Telos we help teenage boys dealing with depression, anxiety, substance abuse, addiction, social problems, and learning differences. Our caring staff use proven clinical therapies coupled with the power of healing relationships to promote deep, lasting change. Our aim is to help our teens live principle-based lives characterized by insightful choices. Telos is a place where boys can find clarity, healing, and direction.”

Telos would like to construct a second transitional treatment facility on property at 648 South Geneva Road. The property was currently zoned R20 and C1 and had a general plan land use designation of community commercial. Telos requested that the C2 zone be applied to the property (as opposed to the C1 zone) because Telos would like to have retail uses at the new location as well as a building taller (60 feet) than the maximum height allowed in the C1 zone (48 feet). Those retail uses would be used to assist the boys by providing work responsibilities. Because retail was not permitted in the C1 zone, Telos needed the C2 zone to implement their desired program.

Telos had submitted a concept plan of their proposed new building, a copy of which was included with the agenda summary. However, the decision as to whether the C2 zone was appropriate for the property should be made based upon a consideration of all uses that could be developed on the property under the C2 zone. City staff supported the request to rezone the property to C2 based on the location on Geneva Road and the uses around the subject property.

Mr. Bench said Telos was hoping to expand and add facilities on Geneva Road. At this meeting they were only considering the rezone, and the site plan would come before the Council at a later time. Telos would like the C2 zone to allow for commercial buildings for training to help their young residents learn job skills necessary to join the workforce.

Mr. Sumner asked the capacity for the new facility.

Travis Davis, applicant, said the proposed building was designed to house sixty-four boys, with approximately fifteen to twenty adult Telos staffers. The current Telos facility was for young men up to age eighteen, and the proposed facility would help that same age range but extend to include college-age boys looking to attend Utah Valley University (UVU). Their goal was to help develop the residents' life skills to allow them to move out, attend UVU, and enter the workforce. The other part of the training at Telos was athletic training, so the design would include a gymnasium and outdoor sports areas. They were looking to build some retail, like a

sandwich shop or a triathlon store, to help the residents gain job skills to transition into the workforce. The concept had driven the form and function of the building.

Tony Hansen, Telos Outreach Director, said Telos was a private facility for at-risk youth where they could learn life skills and work through issues with on-site staff including teachers and mental health professionals. Young men were typically at Telos for ten to twelve months, which would be the same at the new facility.

Mr. Macdonald asked if Telos was national chain. He also asked if this was considered a residential treatment center rather than a wilderness program that offered similar services.

Mr. Hansen said it was not a chain, but was owner-operated. The proposed location would only be the second Telos facility. He said it was a residential facility, and they focused more on athletic training than wilderness or high-adventure programming.

Mrs. Black said she believed Telos to be good neighbors in their current location.

Mr. Bench said they held a neighborhood meeting where few attended, and none voiced opposition to the proposal.

Mr. Sumner said he occasionally ran into Telos boys exercising at the OFC and found them to be polite, disciplined young men.

Mr. Hansen said there was a very strict screening process for the boys accepted at Telos, and he would gladly receive input to resolve any issues.

Mayor Brunst asked the cost of Telos.

Mr. Hansen said per month it was approximately \$11,000. There were many services available, and was a growing need with college-age students.

Mayor Brunst opened the public hearing. There were no public comments, so Mayor Brunst closed the public hearing.

Mrs. Black **moved**, by ordinance, to amend Article 22-5-3(A) and the Zoning Map of Orem City by changing the zone at 648 South Geneva Road from the R20 zone and C1 zone to the C2 zone. Mayor Brunst **seconded**. Those voting aye: Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed** unanimously.

6:30 P.M. PUBLIC HEARING – Surplus Property – 908 East Holdaway
RESOLUTION – Declaring Property Located Generally at 908 East Holdaway Road in the
Town of Vineyard as Surplus Property

Ryan Clark, Orem's Economic Development Division Manager, recommended that the City Council, by resolution, consider the request to declare 0.345 acres of property located generally at 908 East Holdaway Road in the Town of Vineyard as surplus, approve the terms of the sale, and instruct the City Manager to execute the documents to complete both actions.

In January of 2015, the city purchased the Fisher property located at 908 East Holdaway Road in the Town of Vineyard. The property was located immediately to the west of Lakeside Sports Park and included 1.72 acres along with an existing house.

Lakeside Sports Park lacked sufficient parking for sporting events. The acquisition of the Fisher property allowed for an expansion of the existing parking lot. This could be accomplished by relocating the youth soccer fields, that were currently west of the existing parking lot, to the northern portion of the Fisher Property. The parking lot would then be expanded to the west.

To accomplish this project, the City would retain the northern 1.335 acres of the Fisher property. The southern 0.345 acres, which contained the existing house, would be sold. The proceeds of the sale would reimburse the City for a portion of the funds extended towards the purchase of the Fisher property.

The City was currently working with the Town of Vineyard to change the current zone and to subdivide the Fisher property. The subdivision had been proposed as Lake Park Subdivision Plat "F" and would include two lots. Lot 1 would include the existing house and 0.345 acres. Lot 2 would include the remaining 1.335 acres.

To ensure an open and fair process, the City contracted with a real estate agent to list Lot 1 for sale. The City listed the property with an asking price of \$259,000. The City had received an offer for that amount and was under contract contingent upon approval by the City Council and approval by the Town of Vineyard for the zone change and the subdivision plat.

Mr. Clark said they could get about 155 new parking stalls with the proposed concept plan. Because the property was located in the Town of Vineyard, they had applied for a zone change and to subdivide off the existing house.

Mayor Brunst asked if the neighbors to the west had any issues with the sale.

Mr. Clark said the neighbor was contacted by a city engineer to speak about the wells on the property, and the neighbor said he would be interested in selling the north portion of his lot if the City looked to expand the parking in the future. There were three wells on the property: one for the house, one that would be capped, and one that was piped to the neighbor's property.

Mayor Brunst opened the public hearing.

Derek Whetten, resident, was the one under contract to purchase the home. As a member of the Planning Commission, Mr. Whetten filed a disclosure statement according to state law. He wanted to encourage Orem to annex the area where this property was so he would still be an Orem resident. He suggested that the City consider adding parking on the east side of the park to give access points to cross over into Orem. He thought the choke point was on 400 South. Adding parking on the west would continue to be a problem.

Mayor Brunst closed the public hearing.

Mayor Brunst **moved**, by resolution, to declare property located generally at 908 East Holdaway Road in the Town of Vineyard as surplus property. Mr. Seastrand **seconded**. Those voting aye: Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed** unanimously.

RESOLUTION – Approving a fence modification on property at 275 West Center Street in the C2 zone

Sonia Pineda, applicant, requested the City Council approve a fence modification on a proposed Mountainland Head Start site at 275 West Center Street in the C2 zone.

Mountainland Head Start had acquired property behind the Crawford-Leishman dental building on Center Street with the intention of constructing a new Head Start facility. The south border of the property was adjacent to a residential subdivision, Cherry Blossom Estates Plat A and the applicant's property shared a boundary with two of these residential lots. Under City ordinances, a masonry fence (or a polyethylene (SimTek) fence) was required on commercial property where it adjoined residential property.

The applicant was requesting a fence modification to allow it to construct a fence that was six feet (6') in height instead of the required seven feet (7') and to construct the fence of vinyl instead of masonry materials. The two adjoining residential property owners had agreed to the proposed fence materials and signed approval letters that were included with the agenda summary.

Under Section 22-14-19(F), the City Council may modify the height of the required fence and allow the fence to be constructed of different materials if it found that the proposed fence (1) provided an adequate buffer for the adjoining residential zone, (2) the appearance of the fence would not detract from uses in the residential zone, and (3) the proposed fence would shield the residential use from noise, storage, traffic or any other characteristics that were incompatible with residential uses.

Staff had reviewed the proposed fence modification and believed the request met the three required elements stated above.

Mr. Bench said the site plan was approved at a recent Planning Commission meeting, and the applicant was requesting fence modification to put a vinyl fence into place. He invited Ms. Pineda, Mountainland Executive Director, and Russell Armstrong, Mountainland Facilities Manager, to come forward.

Mayor Brunst asked if Mountainland was building a new modular facility, and whether they would keep their current facility.

Ms. Pineda, Executive Director, said the current facility would remain and they would build two modular facilities and an accompanying parking lot expansion. They intended to move classrooms to the new facility and keep the existing facility as a training center for staff. Ms. Pineda said Mountainland Head Start was federally funded, but the title would rest with them.

Mr. Spencer asked for clarification on where the parking lot would be.

Mr. Bench identified the parking lot area on the overhead map. He said the landscaping and site plan had been approved by the Planning Commission. He said the neighbors were comfortable with this modification.

Mayor Brunst said he appreciated their programming and their plans to expand to serve more of the community.

Mrs. Black **moved**, by resolution, to approve a fence modification on property at 275 West Center Street in the C2 zone. Mayor Brunst **seconded**. Those voting aye: Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed** unanimously.

RESOLUTION – Approving an accessory structure at 1353 South 1140 East in the PD-18 zone

The applicant requested the City Council approve a conditional use permit to locate an accessory structure at 1353 South 1140 East in the PD-18 zone.

The applicant owned a lot in the Berkshires Subdivision and was in the process of receiving building permit approval to construct a house on the property. The applicant would also like to construct an accessory structure to house an indoor tennis court. The proposed structure would be located between the applicant's house and Riverside Country Club. An accessory structure in the PD-18 zone required a conditional use permit if the structure was over 1,000 square feet and/or greater than 24 feet high. The proposed building exceeded both these limits.

The total square footage of all accessory structures on a lot in the PD-18 zone may not exceed ten percent of the area of the lot. The applicant's lot was 3.00 acres which allowed accessory structures to cover up to 13,068 square feet of the lot. The applicant's proposed structure had a footprint of 7,543 square feet which was within the allowable limit. The structure would have a height of 35 feet which was the maximum permitted for an accessory structure. The minimum setback to the side and rear property lines was five feet and the proposed structure would be set back 43 feet and 28 feet respectively.

Mr. Bench said the Planning Commission and staff recommended that the conditional use permit be granted.

Mayor Brunst asked about the height of the proposed building.

Jerry Anderson, project contractor, said the building had to be the proposed height because it affected a player's serve and game.

Mayor Brunst **moved**, by resolution, to approve an accessory structure at 1353 South 1140 East in the PD-18 zone. Mr. Seastrand **seconded**. Those voting aye: Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed** unanimously.

RESOLUTION – Tentatively Adopting the City of Orem Fiscal Year 2015-2016 Tentative Budget

The City Manager recommended the City Council, by resolution, tentatively adopt the Fiscal Year 2015-2016 Tentative Budget and set a public hearing to adopt the final budget on May 26, 2015, at 6:00 p.m. Mr. Bybee, Mr. Manning, and Mr. Nelson presented information.

Beginning on February 24, 2015 the City Council began a series of work sessions reviewing the proposed budget for Fiscal Year 2016. The sessions covered revenue projections, compensation, General Fund operations changes, capital improvements, and the enterprise funds.

This budget did not contain any request to increase the property tax rate. Proposed fee changes would be reviewed in the budget presentation. The Tentative Budget was available for review and to download at Orem.org.

Mr. Bybee said they would go over the highlights of the budget in this presentation. First, he showed an organizational chart of the entity of the City of Orem.

Mr. Bybee said they identified major accomplishments in the City at the recent City Council retreat. They wanted to take into account the Council's policies and vision as the budget was developed. They wanted to make sure they addressed all of the following:

- Funds were self-sustaining, meaning the revenues covered the expenses
- Developing facility master plans to manage assets appropriately into the future
- Evaluating the health of revenues on a regular basis and review trends that emerge
- Ensure planning efforts were comprehensive
- Ensure reserves were sufficient to respond to potential emergencies
- Treat debt conservatively and only issue it for projects that could not reasonably be afforded

Mr. Bybee wanted to make brief mention of the sustainability plan. One item of note was on FY 2016, what was originally projected was revenue slightly below the expenditures but in fact the revenues were above what was projected, resulting in a zero-based budget. Another item of note was that the amount allocated for capital projects was especially low, which would need to be watched. As Orem was compared to other cities, Orem was similar to the City of Sandy where there was a high dependency on sales tax revenue. Over time they wanted to develop strategies to more evenly distribute revenue sources.

Mr. Manning said the largest single revenue source for the City was sales tax. It was monitored in twenty separate categories. If Orem was shifting on percentage received from any category, it was generally a noticeable shift. Automotive was the category that had grown the most since FY 2011.

Mayor Brunst asked if automotive was stronger because of more dealerships, if prices were up, or they were simply selling more vehicles. He said University Parkway was strong automotive area in the City.

Mr. Manning said it was a combination of those things. Automotive was a low-impact retail business that was a significant source of sales tax revenue, and Orem would do well to keep those businesses. For FY 2016, they were projecting Orem would receive \$19.1 million in sales tax, based upon growth and the State's projections for growth, which was a fairly conservative projection. Mr. Manning showed the overall budget shown by fund, which was how the money was tracked. The General Fund was what most people considered "the City", and the total budget was just about \$97 million. Of that \$97 million, \$80+ million would be new revenue. There were fees assessed for Orem services, as well as fees Orem had to pay for certain services. The General Fund was just over half the percentage of city-wide revenues. He said the City's overall debt service was shrinking.

Mr. Macdonald asked if that included UTOPIA debt.

Mr. Manning said UTOPIA was included in the debt service percentage.

Mayor Brunst said the percentage for roads was low, considering the amount of pressure put on city roads.

Mr. Manning agreed. He said 66 percent of the General Fund came from the various tax sources – property, sales, franchise, transient, 911 fees, etc. – and service fees. The fees where Orem provided fire services for Lindon and Vineyard were included. The General Fund was a tax-heavy fund.

Mr. Manning said property tax was divvied up, going into the debt service fund. Other revenues for Orem came from utilities, meaning water, sewer, garbage, and storm water, which was approximately \$24,848. He identified the following revenue highlights:

- No proposed property tax increase
- Sales tax growth continues projected at \$19.1 million
- Water rate increase \$0.25/month $\frac{3}{4}$ " meter for Jordanelle agreement (continue to go up until FY 2017)
- Building fees understated due to one-time nature
- Fire service agreement with Vineyard up from \$165k to \$240k+

Mr. Manning said Orem was the lowest in terms of utility fees compared to surrounding and comparatively sized cities. He added that Provo was looking to implement a series of increases for utilities. One significant change being proposed was going back to having a non-resident fee for cemetery plots, going from \$1,200 to \$1,500 a plot. They did not want Orem's cemetery to be the "cheaper option" in the area for non-residents to fill up the space. He pointed out the City would be lowering fees to meet market for park pavilion rentals. The OFC had changed their pass structure; they had not changed pass rates in seven years, but were looking to change to compete with the market.

Mr. Bybee said this would be a Phase 1 change, where Phase 2 would be getting more in line with peers/similar facilities.

Mr. Macdonald said the percentage increase for seniors was the biggest.

Mr. Bybee said that was the specific rate most behind peers by a significant margin.

Mr. Manning showed a graph detailing where revenues were distributed for the City. He said each department had a management structure and a stewardship over their funding.

Mayor Brunst asked Mr. Manning to explain the definition of operations.

Mr. Manning said operations would be anything that was not personnel (people) or capital (large purchases). Capital included paper, copiers and contracts, fuel for vehicles, training, water purchased from Central Utah Water, power through Rocky Mountain Power, etc. He showed a word cloud that represented the dollar amount that each department managed; the larger the word, the larger the dollar amount managed by that department. Public Works, Police, and Fire were the largest on the word cloud. Non-Departmental was for expenditures not part of a specific department, including UTOPIA and fleet replacement. Mr. Manning said compensation had been an identified area of focus, so in the budget there was a 1 percent of payroll set aside to adjust pay for employees for market, and up to 3 percent for performance or merit-based increase effective July 1, 2015.

Mayor Brunst asked for a comparison of health insurance premiums from the past year to the current year.

Mr. Manning said all employees were on high deductible plans, which had large deductibles that needed to be met before health insurance took over. It would take a while for those to start to work, but last year the employees on the high deductible plan used 56 percent of the premium paid, whereas those that stayed on traditional plans used 158 percent of premium and those on retirement used 300 percent of premium. Because the deductible was high, it took a longer period of time for people to reach the insurance payout. The last four years averaged an increase of 109 percent, which meant of premium dollars paid they paid out \$9 more on average. So they had built in 10 percent increase for the current year. As employees got accustomed to the high deductible plans, those increase amounts would come back down. Orem conducted a market survey comparing to neighboring cities, cities of similar size, and/or districts with similar services. Mr. Manning went through budget additions over \$5,000 by department.

Mr. Spencer asked about replacing the main copier for the library, and whether the maintenance agreement was included in the \$9,000 amount.

Mr. Manning said the agreement would be part of the amount, but Administrative Services handled copier maintenance agreements. He went through personnel expenditures for the coming year, including one new police officer, fire inspector, building inspector, etc.

Mayor Brunst asked if finding a building inspector would be difficult.

Mr. Manning said filling building inspector positions was increasingly difficult.

Mr. Davidson said they were concerned they may not be able to find one given the current economic climate.

Mr. Bell said it was almost impossible to find a fully-certified building inspector. The most recently hired building inspector only had two of the necessary certifications, so Orem paid for his training to get the remaining certifications. The certifications were difficult and could take six months to a year to get.

Mr. Manning said they were going to take back in-house custodial duties and hire two full-time custodians and eight temporary or variable-hour custodians. For several years employees had been doing much of the cleaning themselves, which was not the best allocation of resources in the long run. Mr. Manning said despite best efforts the funds generated by the OFC were not covering operational costs and the reality was that the OFC would not be self-sufficient long-term. Since the recession Capital Improvement Projects (CIP) had been virtually non-existent. One budget area of focus was Utility Master Planning, and as plans were adopted they expected to have a robust capital plan to keep Orem's infrastructure good and dependable. To do that, the State would allow the General Fund reserves to be upped to 25 percent and when the City exceeds 15 percent in reserves the excess would be moved into the CIP fund.

Mayor Brunst asked what that 15 percent meant in dollars.

Mr. Manning said about \$6.5 million. He said the Street Fund included the gas tax, and streets did preventative maintenance with crack seals, slurry seals, and overlays. There were areas identified in the northeastern part of Orem for crack seals and slurry seals in the coming year.

Mrs. Black asked for clarification on street striping, especially in areas identified for slurry seals like 950 North.

Mr. Tschirki said streets were striped every year for crosswalk and stop lines, etc., and 950 North would not have slurry seals done until Spring/Summer 2016.

Mr. Davidson said lines were restriped every year, especially lines that were safety sensitive because the winter snow typically diminished the striping.

Mr. Manning said there were only two small overlay/reconstruct projects for the coming year.

Mr. Davidson added that there was a pavement management system that monitored the streets and projects were normally done by quadrants in phases.

Mr. Manning reviewed Water Fund revenues. It was slow growth, but fairly stable with annual increases. Much of the Water Fund went toward operations, which was the purchase of water and the energy to run the wells.

Mayor Brunst asked how many gallons of water Orem purchased per year.

Mr. Tschirki said typically around 30,000 acre feet of water was purchased, which equated to about 9 billion gallons.

Mr. Manning said CIP for water was small in comparison to the size of the infrastructure they managed. Water reclamation (sewer) was another large, fairly stable revenue fund that was operations intensive. The storm sewer fund would grow as new buildings/developments would

come online, and was similar to water and sewer in terms of operations and CIP. Expenditures for these funds were typically for power, for vehicles and equipment, etc. He said in FY 2015 Orem had funded \$1.4 million for CIP that were the baseline for projects to be built in FY 2016. They were approved in this budget but by and large would be purchased or built after July 1, 2015. Every quarter the budget was opened to add and move funds when necessary.

Mr. Davidson said the \$30,000 amount was budgeted for Orem's share of Mountainland Association of Governments (MAG) grants.

Mr. Manning said Information Technology (IT) had moved out of the General Fund into its own area and worked on equipment replacement, licensing, and network projects. Fleet maintenance was a fairly small, centralized fund which represented the cost to keep vehicles up and running. Non-departmental was a significant part of the budget. There were transfers from enterprise funds that show the purchase of water at the same price that residents paid. The General Fund paid \$750,000 for water, primarily in parks. Since Orem did not want to increase property tax to pay for water already purchased, they moved the money from the Water Fund back to General Fund. The City has opted to follow this process instead of raising rates.

Mr. Davidson said residents would receive a mailer advising of the transfer.

Mrs. Black said that City Council and staff had put a great deal of effort into developing the budget.

Mr. Manning said the meetings and presentations had started in February with each component of the budget discussed in detail.

Mr. Davidson expressed thanks to staff for all they had done to work on the budget; it represented a monumental effort annually. They felt this was a balanced budget that represented key priorities identified and would meet key needs in the city.

Mayor Brunst **moved**, by resolution, to tentatively adopt the City of Orem Fiscal Year 2015-2016 Tentative Budget. Mr. Spencer **seconded**. Those voting aye: Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed**.

COMMUNICATION ITEMS

There were no communication items.

CITY MANAGER INFORMATION ITEMS

There were no city manager information items.

ADJOURN TO A MEETING OF THE SPECIAL SERVICE LIGHTING DISTRICT OF THE CITY OF OREM

Mrs. Black **moved** to adjourn to a meeting of the Special Service Lighting District of the City of Orem. Mr. Spencer **seconded** the motion. Those voting aye: Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed**.

The meeting adjourned at 8:00 p.m.

Donna R. Weaver, City Recorder

Approved: May 26, 2015